

**REPORT OF THE AUDIT OF THE
OLDHAM COUNTY
SHERIFF**

**For The Year Ended
December 31, 2001**



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
www.kyauditor.net

144 CAPITOL ANNEX
FRANKFORT, KY 40601
TELEPHONE (502) 564-5841
FACSIMILE (502) 564-2912



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable John W. Black, County Judge/Executive
Honorable Steven W. Sparrow, Oldham County Sheriff
Members of the Oldham County Fiscal Court

The enclosed report prepared by Stephens & Lawson, P.S.C., Certified Public Accountants, presents the statement of receipts, disbursements, and excess fees of the Sheriff of Oldham County, Kentucky, for the year ended December 31, 2001.

We engaged Stephens & Lawson, P.S.C., to perform the financial audit of this statement. We worked closely with the firm during our report review process; Stephens & Lawson, P.S.C., evaluated the Oldham County Sheriff's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Enclosure



EXECUTIVE SUMMARY

OLDHAM COUNTY STEVEN W. SPARROW, SHERIFF CALENDAR YEAR 2001 FEE AUDIT

The Oldham County Sheriff's 2001 fee audit was contracted to Stephens & Lawson, PSC through a request for proposal (RFP). We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

Financial Condition:

Excess fees increased by \$4,153 from the prior calendar year, resulting in excess fees of \$100,861 as of December 31, 2001. Receipts increased by \$84,321 from the prior year and disbursements increased by \$80,168.

Debt Obligations:

Capital lease principal agreements totaled \$136,849 as of December 31, 2001. Future principal and interest payments of \$145,662 are needed to meet these obligations.

Deposits:

The Sheriff's deposits were insured and collateralized by bank securities or bonds.

CONTENTS

	<u>PAGE</u>
Independent Auditors' Report	1
Statement of Receipts, Disbursements, and Excess Fees	2
Notes to Financial Statement	4
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the Financial Statement Performed in Accordance with Government Auditing Standards	6

OLDHAM COUNTY
STEVEN W. SPARROW, SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 2001

Receipts

Federal Grants		
S.A.F.E. Grant	\$	5,804
State Grants		
KLEFPF		46,507
State Fees For Services:		
Finance and Administration Cabinet		78,262
Circuit Court Clerk -		
Sheriff Security Services		46,187
Fiscal Court		17,681
County Clerk - Delinquent Taxes		2,690
Commission on Taxes Collected		612,097
Fees Collected For Services -		
Auto Inspections	\$	16,635
Serving Papers		29,378
		<hr/> 46,013
Other -		
Carrying Concealed Deadly Weapons	\$	16,575
Advertising Costs		76,177
Miscellaneous		4,598
		<hr/> 97,350
Interest Earned		25,191
Borrowed Money:		
Bank Note	\$	35,000
State Advancement		295,000
		<hr/> 330,000
Total Receipts	\$	1,307,782

The accompanying notes are an integral part of the financial statements.

OLDHAM COUNTY
STEVEN W. SPARROW, SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
Calendar Year 2001
(CONTINUED)

Disbursements

Operating Disbursements -		
Personnel Services -		
Deputies' Gross Salaries	\$ 377,414	
Clerical and Office Help	129,862	
KLEFPF	<u>43,062</u>	\$ 550,338
Employee Benefits -		
Employer's Share Social Security	\$ 43,918	
Employer's Share Retirement	16,932	
Employer's Share Hazardous Duty Retirement	54,793	
Employer Paid Health Insurance	<u>48,541</u>	164,184
Contracted Services -		
Advertising		45
Supplies and Materials -		
Office Materials and Supplies	\$ 1,377	
Uniforms	<u>14,769</u>	16,146
Auto Expense -		
Gasoline	\$ 10,040	
Transporting Prisoners	<u>7,730</u>	17,770
Other Charges -		
Bond	\$ 2,507	
Carrying Concealed Deadly Weapon Permits	10,935	
Conventions and Travel	3,009	
Dues	2,070	
In-Service Training	6,990	
Interest School Board	15,009	
Miscellaneous	3,026	
Postage	8,979	
Radio Maintenance	<u>541</u>	53,066
Capital Outlay		
Office Equipment		7,498
Debt Service -		
Bank Loan Repaid	\$ 35,000	
State Advancement	<u>295,000</u>	<u>330,000</u>
Total Disbursements		<u>1,139,047</u>
Net Receipts		\$ 168,735
Less: Statutory Maximum		<u>67,874</u>
Excess Fees Due County for Calendar Year 2001		\$ 100,861
Payment to County Treasurer - March 15, 2002		<u>100,861</u>
Balance Due at Completion of Audit		<u><u>\$ -</u></u>

The accompanying notes are an integral part of the financial statements.

OLDHAM COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2001.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

NOTE 2 - EMPLOYEE RETIREMENT SYSTEM

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.17 percent for the first six months of the year and the 6.41 for the last six months of the year. Hazardous covered employees are required to contribute 8.0 percent of their salary to the plan. The county's contribution rate for hazardous employees was 16.78 percent for the first six months and 16.28 percent for the last six months of the calendar year.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

OLDHAM COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2001

(CONTINUED)

NOTE 2 - EMPLOYEE RETIREMENT SYSTEM (Continued)

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

NOTE 3 - DEPOSITS

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 2001, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bond which named the Sheriff as beneficiary/obligee on the bond.

NOTE 4 - LEASE

The Office of the County Sheriff is committed to a lease agreement with Ford Motor Credit Company for the Sheriff's vehicle. The agreement requires an annual payment of \$ 7,373 for 36 months to be completed on December 8, 2002. The total balance of the agreement is \$6,849 as of December 31, 2001.

The Office of the County Sheriff is committed to a lease agreement with the Kentucky Association of Counties Leasing Trust for six police vehicles. The agreement requires monthly interest payments of varying amounts and an annual principal payment for 36 months to be completed on May 20, 2004. The total balance of the agreement is \$130,000 as of December 31, 2001.

**REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON AN
AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

